



## Regulatory Oversight

### COMMERCIAL GAMING

**Governing Body:** In April 2020, the Virginia legislature gave final approval to legislation authorizing up to five casinos in the state. The legislation names the Virginia Lottery Board as the regulatory authority for casino gaming in the state.



## Licensing

### COMMERCIAL GAMING

**Operator:** Virginia's gaming law permits one casino in each of the following five cities — Norfolk, Bristol, Danville, Portsmouth and Richmond — contingent upon local voter approval. Each land-based casino is also authorized to permit on-premises mobile casino gaming.

In November 2020, local referendums appeared on ballots in Bristol, Danville, Norfolk, and Portsmouth, asking voters whether they approve of a casino-resort in their respective cities. The measure passed in all four cities.

Each city's preferred casino partner is below:

- Bristol: Hard Rock International
- Danville: Caesars Entertainment
- Norfolk: The Pamunkey Tribe
- Portsmouth: Rush Street Gaming

To be eligible for a license, operators are required to make a minimum \$300m capital investment and have at least a 20 percent equity interest in the casino. There is a nonrefundable fee of \$50,000 for each principal at the time of filing the application to defray the costs associated with the background investigation. The license fee is \$15m and is valid for a ten-year period, although annual review will be required to ensure the operator is in compliance with state laws and regulations.

**Supplier License:** Any person that supplies any casino gaming equipment, devices, or supplies to a licensed gaming operation or manages any operation, including a computerized network, of a casino gaming establishment must first obtain a supplier's permit. The fee for each supplier applicant consists of:

1. A nonrefundable \$5,000 initial application fee for the supplier, and;
2. Unless such fee has been submitted on behalf of the same applicant pursuant to another related or contemporaneously filed application, a \$50,000 background investigation fee for any principal, including any applicable key manager(s).

Furthermore, following a successful background investigation and prior to a supplier permit being issued, the supplier must submit a \$5,000 annual permit fee.

After the first year, a permit shall be automatically renewed each year for four additional successive annual



terms. A permit holder is required to submit an annual permit fee of \$5,000 prior to the start of the next annual term.

According to 11VAC5-90-70(J)(4), every five years a permit holder shall:

1. Submit a renewal application three to six months before the expiration date of the permit term; and
2. Pay any fees associated with the application and background investigation as directed by the lottery department.

Additional information and licensing forms can be found [here](#).



## Taxation

### COMMERCIAL GAMING

**Gaming Tax Rate:** There is a graduated tax on adjusted gross receipts of each casino operator, requiring operators to pay 18 percent on their first \$200m, 23 percent on receipts between \$200m and \$400m, and 30 percent on any receipts of more than \$400m.

**\$200m, 23 percent on revenues between \$200m and \$400m, and 30 percent on any revenues of more than \$400m.**

**Tax Allocation:** Tax revenues are deposited in the newly created Gaming Proceeds Fund. Revenues from the fund are largely appropriated by the General Assembly for programs established to address public school construction, renovations, or upgrades. Additionally, a portion of the proceeds is returned to the casino host city, the Virginia Indigenous People's Trust Fund, the Problem Gambling Treatment and Support Fund, and the Family and Children's Trust Fund.

**Promotional Credits:** "Gross receipts" means the total amount of money exchanged for the purchase of chips, tokens, or electronic cards by casino gaming patrons.

**Withholding Tax on Gambling Winnings:** The Lottery Department must withhold Virginia income tax at the rate of 4 percent on the proceeds from any lottery prize in excess of \$5,000.



## Responsible Gaming

## COMMERCIAL GAMING

**Funding Requirement:** Eight-tenths of one percent of the Gaming Proceeds Fund must be appropriated to the Problem Gambling Treatment and Support Fund.

**Self-exclusion:** A person who participates in the voluntary exclusion program may choose an exclusion period of two years, five years or lifetime.

Casino gaming establishments must establish procedures that are designed, to the greatest extent practicable, to:

1. Prevent an individual on the self-exclusion list from opening a new sports betting or casino gaming player's account and from entering onto the gaming floor of a casino;
2. Identify and suspend any sports betting or casino gaming accounts of an individual on the self-exclusion list;
3. Refund any remaining balance to an individual on the self-exclusion list consistent with the department's regulations and the department-approved internal controls of the permit holder or casino;
4. Ensure that self-excluded individuals do not receive, either from the permit holder or casino or any agent thereof, targeted mailings, telemarketing promotions, player club materials, or other targeted promotional materials relating to sports betting or casino gaming; and
5. Enforce the provisions of the self-exclusion regulations.

**Alcohol use:** No.

**Advertising Restrictions:** Operators must ensure that the gambling assistance message approved by the Virginia Lottery Department is included in an advertisement that is intended to encourage casino game play at its facility. Further, operators must fully and accurately disclose the material terms of all promotional play offers involving casino gaming at the time any such offer is advertised.

**On-Premise Display Requirement:** Operators must post signage that prominently bears the gambling assistance message and the underage warning message approved by the Virginia Lottery Department at each customer entrance to the gaming floor.

**Restrictions on Minors on the Gambling Premises:** No person under 21 years of age is permitted to make a wager at a casino gaming facility or be present where casino gaming is being conducted.



## Other Regulations

### COMMERCIAL GAMING

**Testing Requirements:** Operators may not purchase, lease, or otherwise acquire gaming equipment without it having been tested and certified by an independent certified testing laboratory.

**AML Requirements:** Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes in order to prevent money laundering activities and other financial crimes, including terrorism financing.

**Shipping Requirements:** After delivery of a slot machine, mechanical casino gaming machine, or table equipment, the facility to which the terminal is delivered must promptly provide the Virginia Lottery Department with written notice.

**Credit Offered to Patrons:** Prohibited.

**Political Contributions:** There are no restrictions on political contributions from parties with gaming interests.

**Smoking Bans:** No. Casinos may offer smoking to patrons.

**Cashless Gaming & Alternative Payments:** Cashless gaming is permitted. In addition, while Virginia does not outline specific regulations and/or prohibitions within their regulatory framework, patrons are permitted to deposit cryptocurrency which is then converted into cash deposits for casinos.



## Sports Betting

**Authorized Operators:** The legislation authorizes up to 12 online sports-betting providers to operate in the state.

The Virginia Lottery Board is tasked with selecting the 12 permitted licensees using criteria that include applicants' "past experience, financial viability, compliance with applicable laws and regulations, and success with sports betting operations in other states." In addition, the selection criteria include "the amount of adjusted gross revenue and associated tax revenue that an applicant is expected to generate."

The lottery must give "substantial and preferred consideration" to applicants for the five casino licenses that have been certified for local referendums through Senate Bill 36.

**Mobile/Online:** A permit holder may operate its sports betting platform under a brand other than its own but is prohibited from holding itself out to the public as a sports-betting operation under more than one brand, and must conspicuously display its utilized brand to sports bettors.

**Taxes and Fees:** Operators are required to pay an application fee amounting to \$50,000 for each of the "principals" named as part of their application. If issued a permit, operators will then be required to pay an additional fee of \$250,000, and a \$200,000 renewal fee every three years.



Sports wagering is taxed at 15 percent of adjusted gross gaming revenue (AGR).

**Amateur Restrictions:** Wagering on the following types of events are prohibited:

- Bets on youth sports.
- Proposition bets on college sports.
- Bets on Virginia college sports. However, the prohibition does not prohibit betting on games in a tournament or multi-game event in which a youth sports or Virginia college sports team participates, so long as the games do not have a participant that is a youth sports or Virginia college sports team.

**Tax on Promotional Credit:** Operators may deduct from gross sports betting revenue:

- All excise taxes on sports betting paid pursuant to federal law;
- Uncollectible gaming receivables, which shall not exceed 2 percent or a different percentage as otherwise determined by the Virginia Board; and
- Any funds paid into the Virginia horsemen's purse account, if applicable

However, effective July 1, 2022, the deduction of bonuses or promotions from online sports betting for operators who have been active in Virginia for an initial period of 12 months is strictly prohibited.

**Age Restrictions:** No one under 21 may participate in sports wagering.

GAMING REGULATIONS AND STATUTORY REQUIREMENTS

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